MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

Trimester 2, 2015/2016

TIS3451 – INFORMATION TECHNOLOGY AUDITING / TSC2111 – INFORMATION SYSTEMS AUDIT

(All sections / Groups)

4 MARCH 2016
3.00 p.m. – 5.00 p.m.
(2 hours)

INSTRUCTIONS TO STUDENTS

1. This question paper consists of 5 pages, including the cover page, with 4 questions only.

2. Attempt **ANY ONE** question in **PART A** and **ALL** questions in **PART B**. Distribution of the marks for each question is given.

3. Please write all your answers in the answer booklet provided.

INSTRUCTION

Please answer QUESTION 1 – 3 by referring to the article below.

East Capital Insurance and Investment (ECI) is a well-established, 29-year-old insurance company. ECI headquarter is in Kuala Lumpur and has 15 branches throughout Malaysia. It has a reputation for an old-fashioned brick-and-mortar customer service. However, it has recently found itself competing with not only other local but also foreign insurance companies. ECI attempted to compete by diversifying their products, while still offering its hands-on customer service, but management discovered that was a money-losing move and decided to try another strategy.

During the current year, the ECI embarked on a major change in its Information Technology (IT) division. ECI upgrades its processes to stay profitable and still retain its customer-centric reputation by acquiring a Customer Relationship Management (CRM) software application package. The CRM solution allows ECI to look more closely at not only its big-picture of financials but also its profitability by customer segments.

ECI management segments their 97,000 customer accounts and drills down into individual household information to get a view of an account activity. Management then feed all transactions from its 15 branches into a single data warehouse, where they could be analyzed to pinpoint the products and customers behaviors.

There are a real-time software alerts for member service representatives on customers' life changes that may indicate an interest in another products. For example, recently married customers may be interested in offspring product plans, and customers who are approaching 65 years of age may be interested in retirement products.

ECI also develops a front-end applications for customers to self-managing account information, and for member service representatives, who are assigned to individual accounts. The customers interact with a web-based system, where they could register and provide all the requested personal and insurance information. The system uses a complex set of JavaScript codes to keep the transaction alive, as the customers click from page to page and interact with ECI own back-end application systems as well as the systems of the CRM, application databases, and data warehouse.

ECI databases and temporary files in its file systems cache some of the data transmitted to and from these third parties, and some data pass directly through to the third party without caching. The web site provides no information on the handling of the data for the customers.

The above article highlights several Information Technology functional areas. These functional areas represent the detail grouping of activities for the IT division in ECI.

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PART A: ANSWER ANY ONE QUESTION [20 MARKS]

QUESTION 1 20 MARKS

a) *IT Strategic Planning* is one of the IT functional areas relevant to the **ECI**. Describe the needs for conducting IT auditing on *IT Strategic Planning* at **ECI**. In your description, relate the general IT auditing objectives with specific IT auditing objectives for this functional area.

[8 marks]

b) *IT Strategic Planning* involves persons that affect the internal control processes in this functional area. Describe the members and responsibilities of the *Steering Committee*, and the *Feasibility Group* in the *IT Strategic Planning* at **ECI**.

[4 marks]

c) Describe **any four (4)** *IT Strategic Planning* internal control activities at **ECI**. Respectively, describe **any four (4)** risk indicators that the *IT Strategic Planning* is not appropriately done.

[8 marks]

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QUESTION 2 — 20 MARKS

a) *Network Component* is one of the IT functional areas relevant to the **ECI**. Describe the needs for conducting IT auditing on *Network Component* at **ECI**. In your description, relate the general IT auditing objectives with specific IT auditing objectives with for this functional area.

[8 marks]

b) *Network Component* is most vulnerable to both insider and outsider attacks. Describe **any four (4)** most critical risks or threats to the *Network Component* at **ECI**. In your description, provide specific examples related to the **ECI**.

[4 marks]

c) Explain in detail *Network Component* internal control activities at **ECI**. You should explain with respect to the **four (4)** risks you answered in (b).

[8 marks]

Continued...

PART B: ANSWER ALL QUESTIONS [30 MARKS]

QUESTION 3 20 MARKS

a) List the IT projects that **ECI** runs. Describe **any four (4)** auditing concerns for these IT projects.

[4 marks]

b) Provide **the three (3)** categories of IT fraud that could occur at **ECI**. In each category suggest specific persons or job roles who could possibly be a suspect in the fraud.

[6 marks]

c) List **the seven (7)** phases in IT auditing life cycle.

[2 marks]

d) Compare the process of gathering evidence in the IT project auditing, and in the IT fraud investigation.

[8 marks]

QUESTION 4 [10 MARKS]

In the context of IT auditing, use your own words to describe the following concepts.

a) IT governance.

[2 marks]

b) Materiality of controls.

[2 marks]

c) Segregation of incompatible duties.

[2 marks]

d) Internal control flowchart.

[2 marks]

e) Non-repudiation of transaction.

[2 marks]

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